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STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

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House Bill 4695 (As Introduced)

Topic: Manufactured Home Owners Associations
Sponsor: Representative Drolet
Co-sponsors: Representatives Gosselin and Lemmons III
Committee: House Local Government and Urban Policy

Date Introduced: April 28, 2005

Date Enrolled:

Date of Summary: May 10, 2005

Position: The Department of Labor & Economic Growth supports the bill.

Problem/Background: Affordability is one of the reasons that manufactured homes are a popular source of housing. The average sales price of a manufactured home is less than one third the average cost of a site-built (also called stick-built) home. Over one-fifth of the single-family housing starts in 1999 were HUD Code manufactured homes. Over one half million Michigan residents live in manufactured housing communities. According to the American Association of Retired Persons, people who bought manufactured homes in 1999 had median incomes 25% less than the national median. Median net worth of owners is less than 60 percent of the net worth of all homeowners. Owners tend to be either very young or elderly. Minorities have traditionally been underrepresented in manufactured housing, but their numbers are growing.

The industry has changed over the years. The trailer coach parks designed primarily for transient residence have given way to manufactured housing communities designed for long-term use. The advent of the federal Manufactured Home Construction and Safety Standards Act and the Department of Housing and Urban Development's Code has improved the quality of the manufactured home. Built in a factory environment under controlled conditions manufactured homes are arguably constructed to standards that are equally as stringent as those applying to site-built homes. Meanwhile, the market has shifted somewhat from its original focus on affordable housing to the construction of planned communities with recreation centers, pools, golf courses, and other common areas; utilities, extensive road systems, and other amenities.

Manufactured housing communities, manufacturers, dealers, installers, and repairers are licensed by the Department of Labor & Economic Growth. The Mobile Home Commission was created in 1977 by statute to eliminate restrictive, discriminatory practices relating to mobile homes and to build consumer confidence in this housing choice. The Commission consists of 11 members representing the industry and consumers. Members are appointed by the Governor with the advice and consent of the Senate. Michigan currently has 1,166 licensed manufactured housing communities.

Description of Bill: House Bill 4868 would enact the Manufactured Home Owners Association Act. The bill establishes a number of rights for manufactured home owners in connection with organizing an association.

If a park owner chooses to develop rules to regulate the size and weight of trucks within the manufactured housing community, the rules shall not prohibit commercial pickup trucks solely on the basis of the fact that it is a commercial pickup truck.

A park may organize a manufactured home owners association. In organizing an association a manufactured homeowner is permitted to distribute fliers and knock on doors within the manufactured home park in which he or she is a resident. A park owner is prohibited from harassing or evicting a park resident because the resident organized, is organizing, or became a member of an association.

A park owner who prohibits the use of a “for sale” or political sign is subject to a civil fine of not more than \$10,000 for each violation. A civil fine is in addition to, and is not limited by, a criminal penalty under the bill.

A park owner is prohibited from threatening or initiating an unlawful eviction. Reference is made to Section 5775 of the Revised Judicature Act of 1961. A person who violates the this requirement is guilty of a misdemeanor punishable by imprisonment for not more than 90 days or a fine of not more than \$10,000, or both.

The Attorney General or an affected individual may bring an action to enforce the bill’s requirements.

Summary of Arguments

Pro: The bill is needed to strengthen resident rights. Legislators have heard far too many stories of residents being harassed and intimidated if they try to organize or join an association. Where associations have been created, some communities have attempted to prohibit the association from using the common areas normally accessible to residents. Rules in some communities have substantially limited the ability of residents to sell their homes. Other communities have tried to limit legitimate political activity.

Although the requirements in the bill may be covered elsewhere, it will be helpful to consumers to compile these rights into a single well-publicized law.

Con: The bill is unnecessary. Virtually everything in the bill is covered in other statutes. Enactment of the bill would needlessly confuse the consumer.

Fiscal/Economic Impact

(a) **Department**

Budgetary: The bill will have no budgetary impact on the department.

Revenue: The bill will have no impact on department revenue.

Comments:

(b) State

Budgetary: The bill provides that money collected from civil fines under Section 4 be deposited in the general fund.

Revenue: The bills will have no impact on state revenue.

Comments:

(c) Local Government

Comments:

Other State Departments: By creating a new cause of action, the bills may affect the Attorney General.

Any Other Pertinent Information: This bill appears to be similar to House Bill 4869, which passed the House in 2004. The bill died at the end of the session with the remainder of the manufactured housing package.

Administrative Rules Impact: The bill will have no administrative rules impact.